

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6463

BILL NUMBER: HB 1076

NOTE PREPARED: Dec 21, 2011

BILL AMENDED:

SUBJECT: Sales Tax.

FIRST AUTHOR: Rep. Neese

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the purchase of a recreational vehicle or cargo trailer that is transported out of Indiana for registration and use in another state or country is exempt from the state gross retail tax regardless of whether the destination state or country provides a similar exemption for Indiana residents.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill could be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: This bill exempts sales of RVs and cargo trailers to nonresident purchasers who take the RV or trailer out of state within 30 days and register it in another state which does not provide a reciprocal drive-out exemption. This provision is estimated to decrease Sales Tax collections between \$1.4 M and \$3.2 M annually.

Indiana's current drive-out exemption only applies to sales of RVs and cargo trailers to nonresidents who take the RV or trailer out of state and register it in another state which provides a reciprocal drive-out exemption. Under current law, Indiana RV and cargo trailer dealers are required to collect 7% in Indiana Sales Tax for sales to nonresidents who plan to register the RV and cargo trailer in a state which does NOT provide a reciprocal drive-out exemption.

The DOR lists nine states which do not provide a reciprocal drive-out exemption. Those nine listed states

are Arizona, California, Florida, Hawaii, Massachusetts, Michigan, Mississippi, North Carolina, and South Carolina.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues would decrease to the extent that a local unit receives funds from the Commuter Rail Service Fund, or the Industrial Rail Service Fund.

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources: DOR.